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Capstone Announces New Distributor Agreement for the Southeastern Region of the United States

CHATSWORTH, Calif.--

Capstone Turbine Corporation (www.microturbine.com) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, today announced the signing of a new Distributor agreement with Reagan Equipment Co., Inc. for all applications and market segments in the Southeastern region of the United States including Louisiana, Mississippi, Georgia, North and South Carolina, Tennessee, Florida and the US Gulf of Mexico.

Founded in 1946 as a machine shop servicing oilfield components through the 1960's and 1970's, Reagan Equipment developed an extensive branch network and began to set the standard for fabricating power packages in the oilfield industry. Their installations include electrical power generation, oil field pumping, gas compression, sewage treatment, wastewater disposal, marine power generation and propulsion, as well as peak shaving, cogeneration, and chiller plants, including those fueled by alternative fuels such as landfill gas and digester gas.

"For over half of the twentieth century, Reagan Equipment Co. has been putting power packages of all types to work throughout the world," said Jim Crouse, Executive Vice President, Sales & Marketing. "With concerns for power security and reliability, signing this agreement with Reagan will open new sales opportunities in the region," added Crouse.

"Reagan Equipment Company's highly qualified in-house team works with their customers to determine the most economical and practical way to obtain their power package," stated Lee Richards, Capstone's Director, Sales, Oil & Gas.

"As I mentioned during our most recent earnings call, we were looking for a partner in the U.S. to strengthen our oil and gas outreach. This agreement with Reagan Equipment Co. is a good opportunity for Capstone to expand the distribution of our products in the Southeastern region of the United States," said Darren Jamison, President and Chief Executive Officer of Capstone Turbine Corporation. "For over 60 years, Reagan Equipment Co. has been the total solution provider for power packaging needs. From maintenance contracts to project management, from engineering to custom controls, Reagan is a total solution provider," added Jamison.

The President and Chief Executive Officer of Reagan Equipment Co., Tom Reagan, said, "The Reagan formula for success is to provide a quality product, back it with superior

service, and create a strong branch network that can efficiently and effectively service clients 24 hours a day, 7 days a week. Working with Capstone will be a mutually beneficial partnership as we share the same values of attention to product quality, attention to customers and their needs, and attention to the environment," added Reagan.

About Capstone Turbine

Capstone Turbine Corporation (www.microturbine.com)(NASDAQ:CPST) is the world's leading producer of low-emission microturbine systems, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped over 4,000 Capstone MicroTurbine(R) systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone Turbine is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2000 certified company; Capstone Turbine is headquartered in the Los Angeles area with sales and/or service centers in New York, Mexico City, Milan, Nottingham, Shanghai and Tokyo.

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This press release contains "forward-looking statements," as that term is used in the federal securities laws, about new sales opportunities for Capstone in the Southeastern region of the United States. Forward-looking statements may be identified by words such as "expects," "objective," "intend," "targeted," "plan" and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone's filings with the Securities and Exchange Commission that may cause Capstone's actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

Source: Capstone Turbine Corporation